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CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT
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COUNTRY China

DATE: 25X1X6

SUBJECT Economic Information:

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ORIGIN
25X1X6

This document is hereby upgraded to
SECRET in accordance with the
letter of 16 October 1970 from the
Director of Central Intelligence to the
Archivist of the United States.
Next Review Date: 1973

INFO.

DIST. 9 January 1947

PAGES 1

SUPPLEMENT

1. According to members of the customs office in Macao there is a great amount of smuggling going on between China and Macao at the present time. The Chinese Government's customs office on Rua da Praia Grande in Macao, known as "Chinese Maritime Customs, Lappa", is directed by Commissioner Turner, an Englishman. Before the war the Chinese customs employed four launches in Chinese waters near Macao; now they have only one low-speed launch, whereas the Chinese smugglers use some fairly modern armed speedboats. The smugglers also have observation posts on various islands in order to keep informed of the customs launch's movements. During the last week of October, 46 bales of cotton yarn, valued at Macao \$150,000, were smuggled by fast boats from China into Macao.
2. Once the smugglers are in Portuguese waters, they are safe and have only to produce their manifesto. The Deputy Commissioner, a man named Garcia, stated that the efforts of customs to exclude smuggled goods from Chinese territory are almost entirely without result at present. He further stated that members of the Chinese staff are participating in the smuggling and that, for fear of dismissal, European members of the staff remain silent.
3. Import duties must be paid in Macao on tobacco and wine. Despite the fact that the import duty on tobacco is very low, Chinese continually try to smuggle tobacco from Hongkong into Macao. It was reported that on 23 October 1946 a shipment of 15,000 cigars was smuggled from Hongkong into Macao aboard the "Kwong Sai", a ship which runs daily between the two ports.
4. The representative of the Chinese Ministry for Foreign Affairs, KUO Tse-fan, stated that the smuggling which is occurring at present between Chinese territory and the foreign colonies of Macao and Hongkong is of great concern to the Chinese authorities. He mentioned especially cotton yarn which is brought from Shanghai to Canton and then from Canton via Shekki (Chihch'i, 112-59.21-59) to Macao and Hongkong.

Document No. 5

NO CHANGE in Class. ☐☒ DECLASSIFIED

Class. CHANGED TO: TS S C

DDA Memo, 4 Apr 77

Auth: DDA REG. 77/1763

Date: 6 Apr 78 By: 027

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